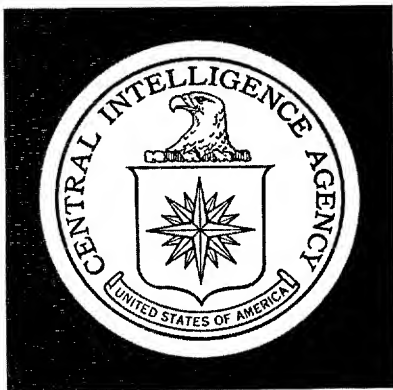


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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

**Secret**

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13 November 1968

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No. 0312/68  
13 November 1968

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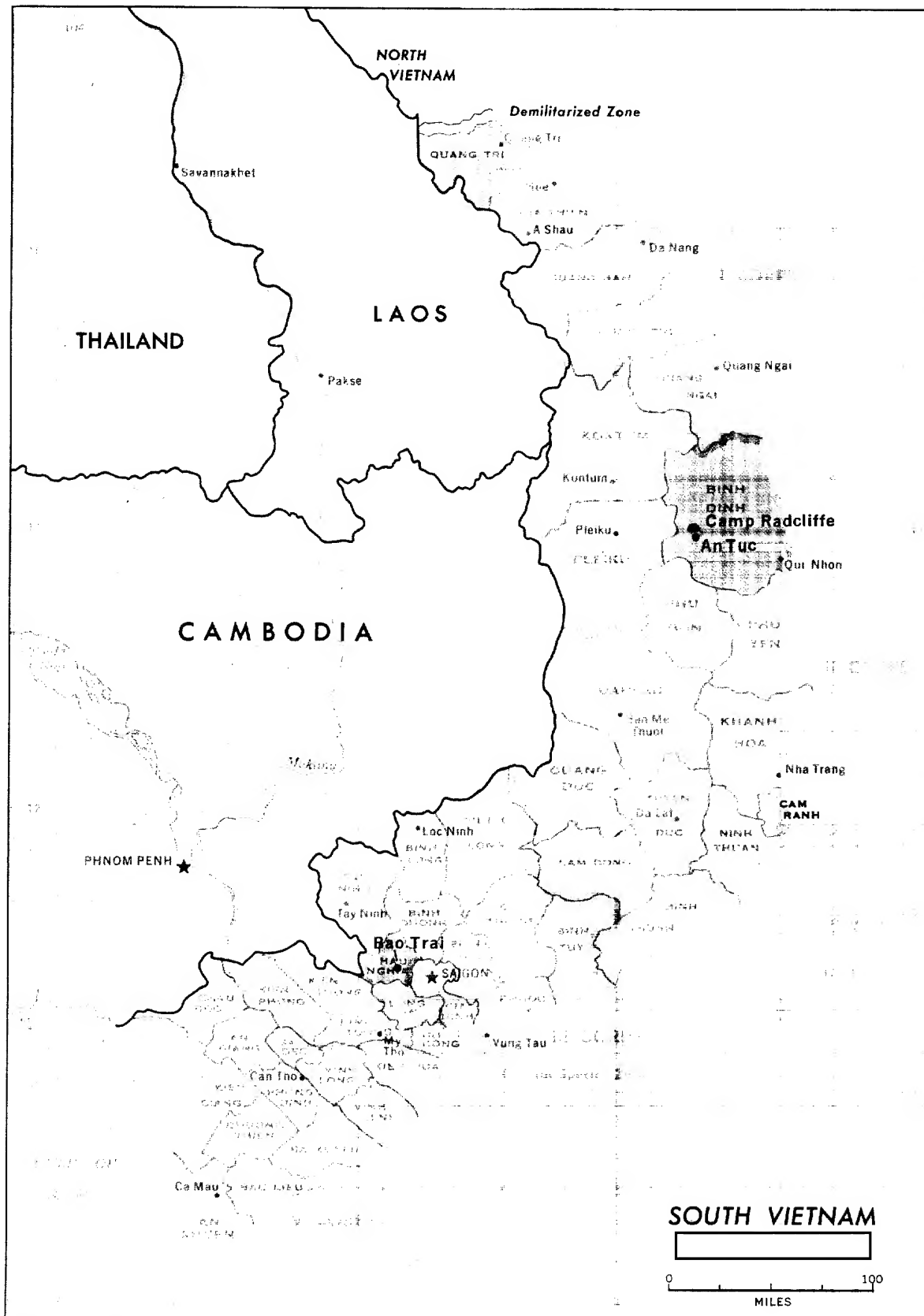
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South Vietnam: Communist tactics on 11-12 November continued to emphasize mortar and rocket attacks against allied bases and urban centers in various sectors of South Vietnam.

Bao Trai, the capital city of Hau Nghia Province, and the district town of An Tuc in Binh Dinh Province were among the more significant population centers hit.

Important allied military installations attacked included a major artillery support base in the western highlands, Camp Radcliffe in western Binh Dinh Province, and a South Vietnamese Army position near the Demilitarized Zone in northeastern Quang Tri Province. The latter attack was staged from within the southern portion of the Zone, marking at least the sixth enemy attack of this kind from the Zone since 9 November.

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USSR: A recent decree seeks to improve the work of Soviet scientific organizations and to speed the introduction of new technology into industry.

Beginning in 1969, new financial incentives will be extended to selected research institutes on an experimental basis. As with the economic reform in industry, these incentives will be directly tied to the economic results of the organization's work.

The decree provides for an assessment of the work of institutes and scientists every three years, an expansion of research in high-priority fields, and the extension of research planning periods to ten to 15 years. It also calls for greater cooperation between the scientific institute and the factory.

The lag in introducing new technology, which has been a persistent problem of Soviet industry, is unlikely to be significantly reduced by the decree. Although the scientific community will probably be encouraged to improve its applied research, the absence of equal incentives to industrial plants leaves the factories uncompensated for disrupted plans, lost bonuses, and lower profits incurred while mastering the new machine or technique. Moreover, from test tube to assembly line, the bureaucratic maze--the main reason for the slow implementation of new scientific achievements in the past--remains essentially unchanged.

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Ivory Coast: Labor unrest continues despite recent government concessions to workers.

Discontent among workers has long been building because of the strict control of wages and careful restriction of organized labor that have been part of the government's successful economic program. Early last summer Ivorian workers, emboldened by the relative success of labor's pressures in France and Senegal, began vigorously to press for a greater share in the country's prosperity. In addition to wage demands, workers urged the rapid placement of Ivorians in jobs held by Europeans and foreign Africans, and greater freedom for organized labor.

In the face of growing labor tension, President Houphouet-Boigny granted minor wage increases and promised a speed-up in job placement. He also called the first national congress of the country's six-year-old single labor federation. The congress, held last month, was a raucous affair. The government was forced to accept a shake-up of the union's leadership, although crucial posts were retained by progovernment officials.

Rank-and-file members were stung, however, by oppressive government control of the congress and by the reported firing of two dissident leaders immediately after the congress. Union members reportedly consider the firings a breach of faith by Houphouet-Boigny and have threatened retaliation.

While labor unrest seems certain to increase, workers are likely to be very careful in their choice of tactics. For the present, at least, agitation for change probably will be confined to continued pressure from within the labor federation for further concessions from Houphouet-Boigny's paternalistic government. [REDACTED]

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Argentina: Buenos Aires will soon buy ☐ all-weather French Mirage III supersonic fighters for 1970 delivery.

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The planes are more sophisticated than the Mirages acquired last year by Peru. Negotiations have been under way for some time, and the sale has been pushed vigorously by the French Government. ☐

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Argentina's original plans for aircraft, drawn up in 1964, called for purchase of the US-built F-5, a less sophisticated and slower plane than the Mirage. After negotiations with the US, however, the Argentine Air Force agreed to buy the subsonic A4B, also a US airplane, because F-5s would not be available until 1970. Now it appears that the Argentines prefer the French fighter.

Argentina's shift to France as a source of aircraft follows the trend set by the army's purchase of French AMX tanks in lieu of US tanks. The navy is also buying new ships in Europe. The Argentine military have usually preferred US equipment, but now claim that they are forced to buy in Europe because of US restrictions on arms sales.

The Argentine negotiation for Mirages, following Peru's purchase last year, has increased Chile's interest in upgrading its air force. This may mean additional Chilean purchases of subsonic British Hawker Hunters and perhaps renewed interest in the F-5, or a similar aircraft built in Europe. ☐

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Panama: The junta is attempting to improve its image by restoring some of the constitutional guarantees suspended at the time of the recent coup.

Included among the civil rights that have been re-established are guarantees against the death penalty, retroactive laws, and double jeopardy. Constitutional articles pertaining to freedom of expression remain revoked, however, and press censorship continues.



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The government's moves are designed to pave the way for diplomatic recognition by states other than the 24 that have resumed relations to date. 

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Korea: South Korean troops have killed 26 and captured two of the North Koreans who came ashore on the east coast early this month. The United Nations Command believes there were at least 60 infiltrators divided into four groups. According to one of the captured agents, their mission was to establish guerilla bases, recruit and indoctrinate South Koreans as potential agents, and then to exfiltrate across the Demilitarized Zone. Snow and cold weather will now make it difficult for the remaining infiltrators to hold out against South Korean security forces.

[REDACTED]

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Lebanon: The shaky truce between the two feuding parliamentary blocs may be broken. Prime Minister Yafi submitted his resignation to President Hilu on 12 November, stating that in its present form his cabinet could not handle events in the country. He asked that the cabinet either be replaced or expanded. Yafi's move is probably a ploy to increase the number of Shihabists in the cabinet, which is now composed of one Shihabist, two Chamounists, and an independent.

[REDACTED]

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Iceland: Yesterday's devaluation of the krona is the first major step by the government to deal with the worsening economic situation. The government intends to introduce additional measures, but to date has been unable to resolve differences over their content and timing. If the crisis deepens, a national coalition of all political parties, including the Communists, may be formed. The devaluation, pegging the krona at 88 to the dollar, amounts to 35.2 percent, compared with 24.6 percent in the last devaluation one year ago.

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